



TO: CRA Chairman & Board of Commissioners
Fort Lauderdale Community Redevelopment Agency

FROM: Chris Lagerbloom, ICMA-CM, Executive Director

DATE: December 17, 2019

TITLE: Motion Approving the Creation of an Economic Development Corporation -
(Commission Districts 2 and 3)

Recommendation

It is recommended that the Community Redevelopment Agency (CRA) Board of Commissioners approve the establishment of an Economic Development Corporation (EDC) along with affiliated entities, a certified-Community Development Financial Institution (CDFI) and a certified-Community Development Entity (CDE) for the Northwest Progresso Flagler Heights Community Redevelopment Agency (NPF CRA) to supplement the work of the CRA and provide additional financial resources for continued development in the NPF CRA area.

Background

The CRA plans to increase its financial resources for current and future area development, which will not only benefit the area, presently, but also reach beyond the CRA's sunset in 2025 to provide the CRA's residents and businesses with increased financial resources for continued development. The goal is to leverage federal and other capital resources, including private and philanthropic, to assist in implementing the CRA's vision and plan. An EDC will result in an additional development arm for the CRA and potentially include housing and mixed-use development, the development of commercial, office and retail uses, as well as serve as an organizational umbrella to other tools, such as the CDFI, and CDE. The following is a summary of each proposed activity:

1. *Economic Development Corporation:* The purpose of the EDC is to provide the CRA with an implementation vehicle to supplement current CRA activity and to provide resources to continue redevelopment after the CRA sunsets in 2025. The EDC will serve as a "development and investment arm" for the CRA. The potential activities of the EDC may include housing development, developing and operating community facilities, and the development of commercial, office, and retail uses including business incubators. In addition, the EDC will provide assistance in leveraging other financial resources for development projects and enterprise development through resources such as Opportunity Zone Funds, Section 108, EB5 and other development finance tools.

2. *Community Development Financial Institution:* The purpose of the CDFI will be to promote community development through the provision of capital lending and investing for housing and/or economic development purposes (e.g. micro and small business loans). CDFIs are certified by the U.S. Department of Treasury CDFI Fund which also provides financial assistance awards for capitalization and technical assistance purposes. Certification also helps leverage private sector (e.g. banks) loans and investments to grow the capital base of the CDFI. The CDFI, as mandated by the CDFI Fund, will also provide “development services” (i.e. technical assistance) to potential borrowers.

3. *Community Development Entity:* The purpose of the CDE is to create an entity with a mission to promote community development through the deployment of capital to businesses and real estate projects utilizing federal New Markets Tax Credits (NMTC). Certified CDFIs automatically qualify as certified CDEs. Capital is raised from private investors (e.g. banks, insurance companies) in exchange for tax credits valued at 39% over seven years that are competitively allocated by the U.S. Treasury Department CDFI Fund. The New Markets Tax Credit program is the largest federal economic development program with a budget of \$3.5 billion per year and is being considered for permanent extension.

Through the creation of these community and economic development entities, the CRA is laying the foundation to creating a model development and investment ecosystem for the CRA’s current activities, as well as the future, beyond the CRA’s sunset. This investment model relies heavily on the principles of detailed market data and analysis, enhancing capacity of all stakeholders, inclusion of current residents and businesses in the implementation process and the leveraging of capital resources, including the CRA’s as well as the private sector and federal sources. The CRA Plan allows for the creation of incentive programs. Any funding provided by the CRA for programs and administrative support for the non-profit would come before the CRA Board for approval, as the non-profit entity will exist alongside the CRA. Any funding provided by the CRA would have to be used in the CRA area and in accordance with the CRA Plan.

Community Redevelopment Agency (CRA) staff recommends creating an Economic Development Corporation (EDC) along with affiliated entities, a certified-Community Development Entity (CDE) to increase its financial resources for current and future area development and to leverage private sector resources, to take advantage of new market tax credits and opportunity zone funds, in order to reach beyond the CRA’s sunset in 2025 and to provide the CRA’s residents and businesses with increased financial resources for continued development.

Resource Impact

There will be no fiscal impact to the CRA in fiscal year 2020, as the creation of the EDC is included in the consulting fee paid to Carras Community Investment, Inc.

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- Business Development Focus Area
- Goal 5: Build an attractive global and local economic community marketplace
- Objective: Create a responsive and proactive business climate to attract emerging industries
- Objective: Nurture and support existing local businesses
- Objective: Create educational pathways and partnerships for workforce development

- Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term financial planning
- Objective: Provide safe, well-maintained, and efficient facilities and capital assets
- Objective: Integrate sustainability and resiliency into daily operations

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Community and We are Prosperous*.

Attachments

- Exhibit 1 - NPF CRA Joint Workshop Meeting Minutes (April 2, 2019)
- Exhibit 2 - Carras Presentation to the Joint Workshop on April 2, 2019
- Exhibit 3 - Agreement between the City of Fort Lauderdale and Carras Community Investment, Inc.
- Exhibit 4 - NPF CRA Advisory Board Meeting Minutes of November 12, 2019
- Exhibit 5 - Economic Development Corporations: A Review of Organizational Missions, Structures and Activities

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